

MINUTE ITEM

3. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH FIELD, ORANGE COUNTY - P.R.C. 1551.1.)

After presentation of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO JANUARY 1, 1958. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE ENTIRE LEASE AREA;
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 17 (1 page)

CALENDAR ITEM

SUPPLEMENTAL

17.

(REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH FIELD, ORANGE COUNTY - P.R.C. 1551.1.)

Oil and Gas Lease P.R.C. 1551.1 was issued to Richfield Oil Corporation, Hancock Oil Company and Signal Oil and Gas Company on August 16, 1955 pursuant to competitive public bidding. On November 8, 1956 (Minute Item 4, page 2871-72) the Commission authorized a deferment of drilling and operating requirements under P.R.C. 1551.1 until July 1, 1957. The grant of the deferment was to be subject to the express conditions that during the period of deferment the lessee would perform one of the following actions:

1. Initiate development on the lease;
2. Quitclaim the entire lease area;
3. Present new adequate bases for consideration as to further deferment of drilling and operating requirements under the lease.

The lessee has reported that the results of exploration on this lease have been disappointing.

Other State lessees have recently conducted seismic operations in the area and four core holes have been drilled on a nearby State lease. The data obtained from these explorations are now being exchanged with the lessee to give the fullest possible analysis of the area. Under the circumstances, the Signal Oil and Gas Company as operator, and on behalf of the co-lessees, has requested that drilling and operating requirements under the subject lease be deferred for a reasonable period of time.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO JANUARY 1, 1958. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE ENTIRE LEASE AREA;
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.